

## **The complaint**

Miss R is complaining about Moneybarn No.1 Limited (Moneybarn). She says they were irresponsible in lending to her as the loan was unaffordable. Miss R's complaint has been brought to us by a representative but for ease I've written as if we've dealt directly with Miss R throughout.

## **What happened**

In March 2013, Miss R took out a conditional sale agreement with Moneybarn to finance the purchase of a car. She paid a deposit of £1,556 and borrowed £5,525 – the cash price of the vehicle was £7,081. The agreement required Miss R to make 47 monthly repayments of £205.50.

In July 2023, Miss R complained to Moneybarn, saying they shouldn't have lent to her. She said they hadn't carried out sufficient checks when assessing affordability for her.

In their response, Moneybarn said they had carried out a credit search before lending to Miss R. But, they said, because of the time which had passed since Miss R took out the agreement, they didn't hold any further information about their checks. They noted that Miss R had made all her repayments and settled the agreement in full – and said this didn't support her claim that it wasn't affordable.

Miss R was unhappy so brought her complaint to our service. In doing so, she said she'd had to borrow further to make the repayments due to Moneybarn.

One of our investigators looked into the complaint but didn't uphold it. He said he hadn't seen enough evidence to say the agreement was unaffordable for Miss R at the time of her application.

Miss R wasn't happy. She said at the time of the loan she wasn't financially stable – she was living alone with credit card debts and missed payments on these. She said she wasn't able to get hold of bank statements from the time and didn't feel it was fair to decline her complaint on that basis. She asked for a decision and the complaint's come to me.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, and acknowledging it'll be disappointing for Miss R, I'm not upholding her complaint for broadly the same reasons as our investigator - I'll explain more below.

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as CONC what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case.

*Did Moneybarn carry out proportionate checks?*

Moneybarn said they conducted a full credit search. I can also see from the application that they noted Miss R's income was £1,800 per month from her work as a self-employed hairdresser, and that she was a tenant paying £400 per month.

Without any evidence of Moneybarn's checks, I can't say they were proportionate – the income and expenditure information they had doesn't suggest that it would have been immediately obvious that Miss R could afford the agreement.

*If Moneybarn had done proportionate checks, what would they have found?*

Proportionate checks would have involved Moneybarn finding out more about Miss R's income and expenditure to determine whether she'd be able to make the repayments in a sustainable way.

Unfortunately, given the time that's passed, we don't have access to any additional income and expenditure information. Miss R has provided her credit report and highlighted some of the older items. This credit report shows that Miss R defaulted on some accounts in 2018. And it shows that she had a loan, a phone contract and two credit cards in 2013. But it doesn't give any indication of the amount of credit she had in 2013, or the status of those accounts in the time leading up to the lending.

In summary, I haven't seen enough to say that if Moneybarn had done proportionate checks they would have realised the agreement was unaffordable for Miss R. So I can't uphold the complaint.

**My final decision**

As I've explained above, I'm not upholding Miss R's complaint about Moneybarn No. 1 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 19 March 2024.

Clare King  
**Ombudsman**